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S E C R E T SECTION 01 OF 03 BAGHDAD 000167

SIPDIS

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TAGS: [PREL](#) [ENRG](#) [EPET](#) [MARR](#) [TU](#) [IR](#) [IZ](#)

SUBJECT: AMBASSADOR MEETS WITH TURKISH SPECIAL ENVOY TO IRAQ

REF: A. 2008 BAGHDAD 3819

[1](#)B. BAGHDAD 150

Classified By: Ambassador Ryan Crocker for reasons 1.4. (b) and (d).

[1](#)1. (C) SUMMARY: On January 18, Ambassador Crocker met with Turkish Special Envoy to Iraq Murat Ozcelik, and discussed Turkey's relations with the KRG, including the issue of energy contracts. On hydrocarbons, Ozcelik complained that Turkey had waited too long to reach such agreements with the KRG and now other companies had grabbed the opportunities. Ambassador said the more Kurds were seen as pursuing an independent course regarding hydrocarbons, the harder it would ultimately be to get hydrocarbon legislation passed. Ozcelik also described a recent visit to the KRG and his meetings with KRG President Barzani, saying Turkey wants to work more closely with Iraqi Kurds. He spoke of the need to separate reconcilable PKK members from the irreconcilables. Ozcelik said no official amnesty is likely in the near future for PKK in Turkey. He also discussed the 400 KRG villages damaged by Turkish bombardment and offered to rebuild them with the Kurds. END SUMMARY

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UNILATERAL CONTRACTS WITH THE KRG FOR GAS AND OIL  
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[1](#)2. (C) At a January 18 meeting with Turkish Special Envoy to Iraq Murat Ozcelik, the Ambassador (accompanied by Ambassador Satterfield, PMIN and Pol-MilOff) addressed the major review of the oil and gas sector about to be undertaken by DPM Barham Salih due to concerns about decreasing production and the need to accelerate international engagement in the sector. Commenting that Salih's review may impact the commercial attractiveness of fossil fuel agreements, the Ambassador advised that he warns all contacts against unilateral engagement with the KRG (to the exclusion of the GoI's central government) lest they become blacklisted by the GoI. The Ambassador told Ozcelik that such agreements "push in the wrong direction," countering efforts to bring the federal government and the regional governments together.

[1](#)3. (C) The Ambassador asked Ozcelik about the GOT's intentions regarding energy contracts. Ozcelik said he believes that PM Maliki is "dragging his feet" due to a lack of knowledge. He complained that Turkey had waited too long and other companies stepped in to sign lucrative deals with the KRG that, in his view, would later be retroactively approved by the GoI. The gas, he said, would end up being exported to Turkey anyway. "Now is the time," Ozcelik said. "If others discuss this with the KRG, then I tell my government we should discuss it as well. There has to be balance."

[1](#)4. (C) Ozcelik told the Ambassador that Turkey "doesn't want (Minister of Oil) Shahrastani's face on every contract. Sometimes it is easier to negotiate with the Kurds than with

others." The usually composed Ozcelik said with some apparent frustration: "People know we can't get gas from Turkmenistan and Iran is playing around. Therefore, it must be Iraq. Erbil has a pipeline. So why shouldn't I get the pipeline to go to Turkey? And why shouldn't I get involved in the production sharing side of it? The Kurds are asking, 'Are we going to make a deal?' They don't mention the central government. You can only get these guys to work together if they know they take a share."

15. (C) The Ambassador pointed out that Ozcelik had precisely identified the rub: the more the Kurds are seen as pursuing an independent course regarding hydrocarbons, the harder it would ultimately be to get hydrocarbon legislation passed, and this legislation is the key to moving forward with large-scale commercial development. Ozcelik said there is a limit to Turkey's ability to wait. He said "the people of this region only come to their senses when they see a threat," and if he were to warn the PM or Minister Shahrستاني that if the GOI did not act more quickly, he would deal directly with the Kurds, they might be more likely to act. Ambassador Crocker asked Ozcelik if Turkey had any discussions with the central government of Iraq on oil issues, to which Ozcelik responded in the negative, saying Minister of Oil Shahrستاني "doesn't discuss much with anyone."

16. (C) Ozcelik said that Turkey wants to work more closely with Iraqi Kurds, including on energy issues, and said the Turks understand the mindset of both the Kurds and of Oil Minister Shahrستاني. "We'll watch to see who signs contracts. We know this fight will go on for a while, but we

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have to position ourselves," Ozcelik said. He also offered that Turkey had signed a memorandum of understanding (MOU) with Shell Oil Company and said it would cooperate with British Petroleum and some Japanese companies as well.

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A NEW WAY TO DEAL WITH THE KURDS AGAINST THE PKK  
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17. (C) Ozcelik told the Ambassador that after his recent visit to the KRG, things in Turkey were changing regarding Kurdish issues. While in Erbil and Sulaymaniyah, he met twice with KRG President Masoud Barzani. At the second meeting, which he said went into the early hours of the morning, Ozcelik said they discussed only PKK-related issues, and that both sides agreed they need to develop a reasonable approach. "We're watching the effectiveness of the bombardments," he said, adding that both Turkey and the KRG need to make the Kurdish people realize that the PKK is not working in their interests. Ozcelik discussed an upcoming conference that Barzani was planning to hold in the KRG, but quickly added that Barzani should not appear to carry the banner of the PKK, lest he confuse the message to the Kurdish people.

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SEPARATING OUT THE IRRECONCILABLES  
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18. (C) Throughout the meeting, Ozcelik discussed the need to separate reconcilable PKK members from the irreconcilables. Those who wish to walk away from the PKK, he said, need to know that they can do so safely. For this reason, Ozcelik said he opposes the hard-liners in Turkey who want to focus efforts on cutting all PKK supply lines. Doing so, he feared, would only harden fighters who may otherwise be open to reconciliation.

19. (S) Ambassador Crocker asked if the GoT is considering an amnesty for PKK members who break away, to which Ozcelik stated "no one in Turkey can say that word," but he hinted

that there are ways to apply a virtual amnesty (under section 221 of the penal code) without calling it such. According to recent intelligence reports, Ozcelik said, the PKK had restructured itself into smaller, dispersed groups; and, therefore, Turkey needs to change the manner with which it responds to the organization. He said he discussed with Barzani rebuilding 400 KRG villages damaged by Turkish bombardment. "Let's rebuild those together, so the people can see Turks and Kurds working together for the good of the Kurdish people," Ozcelik said he told Barzani.

¶10. (C) Citing the Iraq-Turkey-U.S. trilateral security dialogue, Ozcelik said that Turkey would soon open an office in Erbil to deal with security issues. The first step will be to encourage PKK members to leave the organization and return home. He said he was certain that the Kurds did not want to give sensitive information to Baghdad.

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COMMENT  
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¶11. (C) While we are heartened by Ankara's more pragmatic and positive approach to working with the KRG, as far as hydrocarbons are concerned, we need to continue to send a consistent message to the Turks, and others, that they are best served by working in the first instance through Baghdad.

When we met Ozcelik on January 9, he had indicated that the Turkish military was more hopeful that the KRG is serious about clamping down on the PKK and the Turkish General Staff had wanted him to step up his engagement with the KRG. Qhad wanted him to step up his engagement with the KRG. Ozcelik's comment that he knows the KRG does not want to share sensitive information with Baghdad in the battle against the PKK reminds of the distrust that persists in all KRG-GoI relations. We will continue to use the tripartite security dialogue (Ref B) and to seek out opportunities to foster better Turkey-Iraq relations and better relations between the KRG and the GOI as well.

¶12. (C) (Comment continued) On January 9, Ozcelik had complained to us about Prime Minister Maliki and the slowness with which the Iraqi administration operates. His willingness to push forward quickly with the Kurds probably reflects some of that frustration with the government in Baghdad, especially on energy issues. Ozcelik also had advice for us at the January 9 meeting. He urged that the American administration keep working closely with the Turkish Foreign Ministry on issues such as Iraq and not depend too

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much on political party advisors such as Davutoglu. End  
Comment.  
CROCKER